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TAB F

## ACQUISITION AND MAINTENANCE OF AGENCY-OWNED FURNISHINGS FOR OVERSEAS LIVING QUARTERS

SCOPE:

1. Agency-owned furnishings for overseas living quarters contain from 35 to 110 line items from the Table of Allowances (Attachment 1 to [redacted] 25X1. The number of items supplied depends on the employee's monetary allowance for furnishings and on local requirements.

PROCUREMENT:

2. Furnishings may be provided from local purchase, rental or requisition from Headquarters [redacted] 25X1

3. Costs for furnishings are not separately identified in reports from field stations. For accounting purposes, Object Class 900 pertains to Equipment--nonexpendable property ([redacted] 25X1). This category includes furnishings as only one of such listings as office machines, vehicles, aircraft, vessels, tools, machinery, instruments and apparatus, armaments, military equipment and operational equipment.

INVENTORY:

4. To establish the amount of Agency-owned property on hand at each station would be a time-consuming task. A totaling of stock records on furnishings would be only an approximation. Items in the furnishings category of a value of $50 or less are expendable items and do not necessarily appear on stock record cards. To produce the most accurate accounting, a physical inventory of all items would be required.

TRANSPORTATION COSTS:

5. Transportation costs for U. S.-procured, Agency-owned furnishings from the United States to foreign locations and between foreign locations cannot be identified as separate charges. These costs lose their identity in the overall cost reporting of subobject class 302. If the Agency pays transportation costs for indigenous-procured furnishings, transportation charges are accounted for in the same manner



GROUP 1
Excluded from automatic downgrading and declassification

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as U. S.-procured items. If the indigenous vendor pays the transportation costs, the charges are included in the purchase price and recorded as either expendable or nonexpendable property (Object Classes 600 or 900).

STORAGE COSTS:

6. No records are maintained of what portions of overseas storage facilities are used for storage of furnishings as apart from operational supplies and equipment.

COSTS OF MAINTENANCE AND REPAIR:

7. The Office of Finance does not maintain a separate accounting for repair and maintenance costs of Agency furnishings. These costs are consolidated with other categories of subobject class 700. Although statistical costs are not available, some understanding of the scope of this function can be grasped from subparagraphs 7a through 7f below:

a. In the large stations the Public Works or Station Engineer shops perform furnishings and appliance repair and maintenance as part of overall station maintenance and operation. In other stations a separate shop or part of a warehouse, converted to shop use, is often set up for this purpose.

b. If no station support mechanism exists, or this function is not handled as an organized effort, the individual employee arranges his own furnishings repair service and maintenance from whatever sources are available to him. The employee in this situation is his own judge of conditions, standards or frequency of service and maintenance. The costs incurred are reimbursable or appear as legitimate items on his accountings, subject to approval.

c. Tools and machinery range all the way from handtools of many types to power equipment, i.e., saws, lathes, jacks, presses and woodworking equipment, painting equipment, metal working tools, soldering and perhaps welding equipment, sewing machines, tools for test, regulation and repair of electrical equipment and small motors. Secondary tools are required to maintain and operate primary tools, i.e., gauges, dies, bits, batteries, attachments, set and sharpening equipment and emery wheels.

d. Stocks of spare parts are maintained or are procured for several makes or models of stoves, refrigerators, air conditioners, fans and, in some locations, washing machines. Hot water heaters,



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transformers, water filters and other like items are considered house fixtures--not furnishings, but these items are handled as furnishings at many stations, i.e., charged on memorandum receipts and issued, installed and removed as necessary.

e. Expenditures are made for stocks of bulk materials, i.e., paints, enamels, glues and cements, polishes and cleaning agents, rust preventatives, lubricants, abrasives, lumber and wood shapes, hardware items of all kinds, fabrics of various types, foam rubber and various upholstery materials, wicker work and rattan materials and freon gas.

f. The cost of indigenous labor used for repairing Agency furnishings and appliances varies with the size of the Agency facility and the location of the operation (wage rate). Usually the typical grouping of the work force used for this purpose represents the skills of finish carpenter or cabinet maker, painter, electrician, mechanic, air conditioning/refrigerating mechanic, and helper or laborer. Some employees may be able to perform more than one job. Numbers employed may vary from two or three to twelve, fifteen or higher on either a full- or part-time basis. Most of these indigenous workmen will be skilled mechanics and craftsmen--hardly skilled or skilled according to local standards--and paid at the local pay scale for the trade. Pay is usually on the high side since they work for Americans. It must be stated that these workmen and the staff or contract employees so employed may also work on office furnishings, furniture and air conditioners. In comparison, the amount of household furnishings and appliances in personal quarters at a large station is many times that used in offices and work areas. This is true with regard to service calls, complaints, costs of upkeep and most other standards of measurement.

8. Difficulty in establishing accurate costs for repair and maintenance of furnishings is evident from the information presented in paragraph 7 immediately above. However, logistics support officers who have maintained furnishings for overseas living quarters have been able to estimate maintenance costs as a percentage of the cost of an individual employee's furnishings allowance:

25X1A a. Section A, Attachment 1 to [redacted] establishes the maximum dollar allowance authorized for each employee's furnishings by grade.

b. Tab J of this study establishes the average life expectancy of Agency-owned furniture (worldwide) as five years. During the five-year period furniture will be repaired, refinished, recovered, renovated, replaced, repainted (as applicable by item) at least twice. In the same period air conditioners, stoves, washing machines, refrigerators and fans will receive at least two major


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overhauls. Based on overseas experience with these failure rates, Agency support officers estimate that maintenance of furnishings costs 20 percent per year of an employee's furnishings allowance. To assure that estimates are conservative, 15 percent of the furnishings allowance per year will be used for cost comparisons in this study. Example: A GS-09/12 has a furnishings allowance of $8,000. The Agency will expend $600 per year to repair and service the Agency-provided furnishings comprising this allowance.

9. The overhead cost to the Agency in terms of salary and benefits for staff and contract employees who supervise repair facilities for furnishings is difficult to determine. These personnel usually supervise other functions as well.

10. In addition to supervisory costs, other expenses in administering furnishings maintenance are:

a. Personnel--for planning requirements, procurement, receipt, issue, on-base transportation, warehousing, stock recordkeeping, memorandum accounts, property audits, and satisfying tenant complaints.

b. Equipment--such as safes, typewriters, supplies for property records and files are required.

c. Communications--A sizable volume of administrative dispatches and cables deal with justification, shipment, replacement and disposal.

11. To establish a basis for cost comparison, it is estimated that all nonspecific administrative costs represent as a minimum ten percent of the appropriate furnishings allowance by grade per year.


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